TIME dotCom (TDC MK)

1Q26: Earnings In Line; Stock Offers 5% Dividend Yield

HOLD (Maintained)

Share Price	RM6.18
Target Price	RM6.50
Upside	+5.2%

Analyst(s)
Chong Lee Len
leelen@uobkayhian.com
+(603) 2147 1992

Highlights

- TIME booked 1Q26 core net profit of RM125m, a growth of 6% yoy driven by higher retail and wholesale revenue contribution as well as good cost control. Earnings were partly dragged down by lower associate earnings as 30%-owned AIMS continued to grow its capacity – leading to higher start-up depreciation and interest charges. Earnings are in line with expectations.
- Net debt-to-EBITDA stands at 0.1x as TIME aims to achieve 1.0x-1.5x net debt-to-EBITDA ratio in the near term as part of its balance sheet optimisation plan.
- Maintain HOLD with a DCF-based target price of RM6.50. Stock offers a dividend yield of 5% for 2026.

1Q26 Results

Year to 31 Dec (RMm)	1Q26	4Q25	1Q25	qoq % chg	yoy% chg
Revenue	454.1	464.8	428.6	(2.3)	6.0
EBITDA	208.9	169.0	182.0	23.6	14.8
PBT	160.0	123.8	146.6	29.2	9.1
Reported Net profit	119.2	104.4	113.0	14.2	5.5
EPS (sen)	6.4	5.6	6.1	14.2	5.5
DPS (sen)	0.0	27.1	0.0	-	-
Core EBITDA	218.0	215.2	188.4	1.3	15.7
Core EBITDA Margin (%)	48.0	46.3	44.0	1.7	4.0
Core Net Profit	125.4	139.5	117.9	(10.1)	6.3
Core Net Profit Margin (%)	27.6	30.0	27.5	(2.4)	0.1
Segmental Revenue	1Q26	4Q25	1Q25	qoq % chg	yoy% chg
Retail	190.4	189.4	172.8	0.5	10.2
Enterprise	127.4	137.5	133.6	(7.3)	(4.6)
Wholesale	136.3	137.9	122.2	(1.2)	11.5

Source: TIME, UOB Kay Hian

Analysis

- **1Q26: Results in line with expectations.** TIME dotCom (TIME) booked 1Q26 core net profit of RM125m (+6% yoy; -10% qoq). Yoy earnings were driven by higher data revenue from retail and wholesale as well as EBITDA margin expansion on the back of cost discipline. Sequential earnings weakness was due to lower revenue recognised by enterprise and wholesale as well as lower share of associate earnings in this quarter. Accounting for 23% and 24% of our and consensus full-year forecasts, the earnings are deemed in line with expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	1,690.2	1,792.8	1,828.1	1,924.5	2,027.0
EBITDA	635.0	705.8	847.3	897.8	941.5
Operating profit	440.9	501.5	651.2	706.9	731.5
Net profit (rep./act.)	385.5	427.1	543.6	593.1	627.8
Net profit (adj.)	441.8	487.1	543.6	593.1	627.8
EPS	23.9	26.3	29.4	32.1	34.0
PE	25.9	23.5	21.0	19.3	18.2
P/B	2.9	3.5	3.6	3.6	3.7
EV/EBITDA	16.1	15.5	13.3	12.9	12.7
Dividend yield	9.2	7.9	5.2	5.5	6.0
Net margin	26.1	27.2	29.7	30.8	31.0
Net debt/(cash) to equity	(0.3)	(0.1)	(0.04)	0.05	0.16
Interest cover	6.5	11.2	13.6	12.9	9.9
ROE	11.2	15.0	17.0	18.7	20.2
Consensus net profit	-	-	515.1	549.6	603.6
UOBKH/Consensus (x)	-	-	1.1	1.1	1.0

Source: TIME, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Communication Services
Bloomberg ticker	TDC MK
Shares issued (m)	1,848.8
Market cap (RMm)	8,818.9
Market cap (US$m)	2,131.6
3-mth avg daily t'over (US$m)	1.9

Price Performance (%)

52-week high/low: RM6.46/RM4.63

1mth	3mth	6mth	1yr	YTD
3.5	1.0	29.8	19.3	10.6

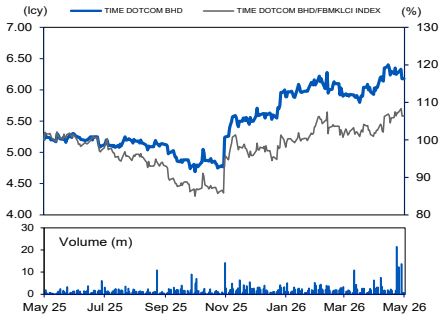
Major Shareholders

	%
Employee Provident Fund	16.7
Kumpulan Wang Persaraan	10.2
Rahim Afzal Bin Abdul	10.1
Pulau Kapas Ventures Sdn Bhd	10.0

Balance Sheet Metrics

FY26F NAV/Share (RM)	1.73
FY26F Net Cash/Share (RM)	0.08

Price Chart



Source: Bloomberg

Company Description

Fixed line operator.

- **1Q26 associate earnings were dragged** down by 30%-owned AIMS data centre as data centre expansion led to higher depreciation and interest charges. AIMS registered a net profit of RM1.6m in 1Q26 vs RM4.3m (1Q25) and RM12.1m (4Q25). As capacity is being progressively sold, we expect growth momentum to flow through to underlying earnings in the coming quarters. Overall, 1Q26 associate earnings moderated to RM4m, down 57% yoy and 62% qoq.
- **Net debt/EBITDA of 0.1x.** To recap, the group has articulated plans to drive balance sheet optimisation with continued focus on sustainable returns. TIME aims to raise its net debt/EBITDA target to 1.0x-1.5x within three years. This exercise will comfortably position the group to fund its expanding capex allocation (2026: around RM400m) and strategic investments at a favourable cost of capital, on top of delivering its dividend policy mandate. We project a dividend payout of 100-110% over 2026-28, translating to a net dividend yield of 5.2% in 2026.
- **Retail.** 1Q26 retail revenue rose to RM190m (+10% yoy; +1% qoq), underpinned by continued household penetration. ARPU was stable at RM117/month (4Q25: RM117/month) as the group saw a balanced mix of new lower-end plan subscriptions, premium plan additions, and premium plan upgrades by existing customers. Customer base grew 6% yoy and 1% qoq to a new record of 518,000 subscribers.
- **Wholesale segment revenue improved 12% yoy to RM136m** (-1% qoq) supported by higher demand for connectivity services arising from data centre loading capacity.

Valuation/Recommendation

- **Maintain HOLD with a DCF-based target price of RM6.50** (WACC: 7%, terminal growth: 4%). At our target price, the stock will trade at 14x 2026 EV/EBITDA, +2SD from mean.

Earnings Revision/Risk

- No changes to earnings.

Environmental, Social, Governance (ESG)

Environmental

- Doubled its solar energy generation, leading to 83,515.40 kWh of solar energy generated, resulting in cost savings of RM22,549.15 and contributing to an 8% reduction in electricity usage.
- Successfully diverted 322.3 kg of recyclable waste (including paper, documents and pantry materials) through structured recycling initiatives.

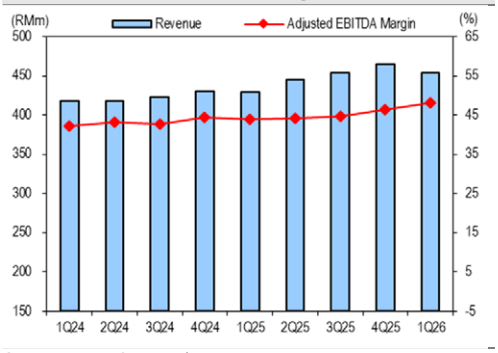
Social

- Spent RM233,557 on community investments and over 2,934 volunteering hours by employees.

Governance

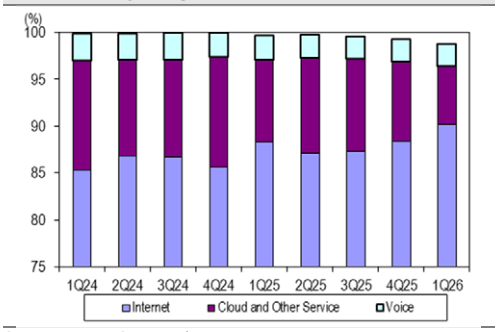
- Good company transparency along with an anti-bribery and anti-corruption policy.
- The board comprises nine members consisting of six Independent Directors and three Non-independent Directors including GCEO. Meanwhile, women comprise 44% (four directors) of the board.

Revenue and EBITDA Margin



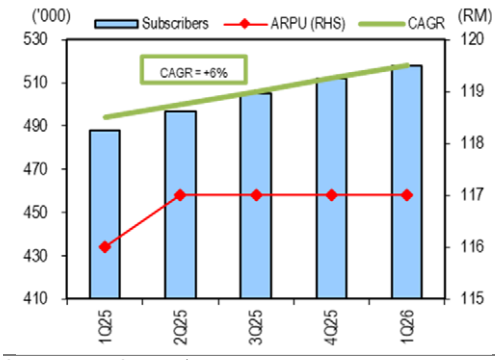
Source: TIME, UOB Kay Hian

Revenue By Segment



Source: TIME, UOB Kay Hian

Retail Segment – Operating Matrix



Source: TIME, UOB Kay Hian

Key Assumptions

Key Assumptions	2026F	2027F	2028F
Revenue growth (%)	2.0	5.3	5.3
EBITDA margin (%)	46.3	46.6	46.4
CAPEX to Revenue (%)	21.5	21.5	21.5
Product growth (%)			
Voice	(10.0)	(10.0)	(10.0)
Internet	2.0	5.7	5.7
Data centre	5.0	5.0	5.0

Source: TIME, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	1792.8	1828.1	1924.5	2027.0
EBITDA	705.8	847.3	897.8	941.5
Deprec. & amort.	(204.3)	(196.1)	(190.9)	(210.1)
EBIT	501.5	651.2	706.9	731.5
Associate contributions	43.4	47.8	50.2	52.7
Net interest income/(expense)	(3.6)	(2.3)	2.4	19.2
Pre-tax profit	541.4	696.6	759.4	803.3
Tax	(114.2)	(147.0)	(160.2)	(169.5)
Minorities	1.0	(6.0)	(6.0)	(6.0)
Net profit	427.1	543.6	593.1	627.8
Net profit (adj.)	487.1	543.6	593.1	627.8

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1,830.7	2,027.6	2,250.5	2,476.2
Other LT assets	1,722.9	1,770.7	1,820.8	1,873.5
Cash/ST investment	475.9	242.4	38.6	-89.7
Other current assets	343.3	349.3	365.9	383.5
Total assets	4,372.8	4,390.0	4,475.8	4,643.5
ST debt	2.9	1.0	1.0	1.0
Other current liabilities	542.3	504.3	520.7	541.7
LT debt	0.0	100.0	200.0	400.0
Other LT liabilities	585.7	585.7	585.7	585.7
Shareholders' equity	3,241.9	3,199.0	3,168.4	3,115.1
Minority Interest	30.4	36.4	42.5	48.5
Total liabilities & equity	4,372.8	4,390.0	4,475.8	4,643.5

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	793.0	656.3	737.4	775.4
Pre-tax profit	541.4	696.6	759.4	803.3
Tax	(114.2)	(147.0)	(160.2)	(169.5)
Deprec. & amort.	(204.3)	(196.1)	(190.9)	(210.1)
Associates	29.2	(47.8)	(50.2)	(52.7)
Working capital changes	98.7	(44.0)	(0.1)	3.4
Other operating cashflows	30.2	0.0	0.0	0.0
Investing	(386.5)	(370.2)	(385.2)	(389.4)
Capex (maintenance)	(361.3)	(393.0)	(413.8)	(435.8)
Proceeds from sale of assets	0.1	0.0	0.0	0.0
Others	(25.3)	22.9	28.6	46.4
Financing	(1139.5)	(519.7)	(555.9)	(514.3)
Distribution to unitholders	(1100.2)	(592.6)	(629.7)	(687.1)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	(1.0)	98.1	100.0	200.0
Others/interest paid	(38.3)	(25.2)	(26.2)	(27.2)
Net cash inflow (outflow)	(733.0)	(233.6)	(203.7)	(128.3)
Beginning cash & cash equivalent	1237.4	475.9	242.4	38.6
Changes due to forex impact	(28.5)	0.0	0.0	0.0
Ending cash & cash equivalent	475.9	242.4	38.6	(89.7)

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	44.8	46.3	46.6	46.4
Pre-tax margin	30.2	38.1	39.5	39.6
Net margin	27.2	29.7	30.8	31.0
ROA	11.1	12.4	13.3	13.5
ROE	15.0	17.0	18.7	20.2
Growth				
Turnover	6.1	2.0	5.3	5.3
EBITDA	10.4	5.4	6.0	4.9
Pre-tax profit	2.9	28.7	9.0	5.8
Net profit	10.8	27.3	9.1	5.8
Net profit (adj.)	10.3	11.6	9.1	5.8
EPS	10.8	27.3	9.1	5.8
Leverage				
Debt to total capital	0.1	2.6	5.1	9.8
Debt to equity	0.1	3.2	6.3	12.9
Net debt/(cash) to equity	(0.1)	(0.0)	0.1	0.2
Interest cover (x)	11.2	13.6	12.9	9.9

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."